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India

Cotton and Products

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Report Highlights:

Post's 2002/03 cotton production estimate has been revised higher to 14.0 million bales (170 kg) on improved growth prospects due to good rains during early September.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

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Note: All data in narrative are in 170 kg Indian bales unless specified otherwise.

2002/03 Production Estimate Raised Despite Lower Cotton Area

Post's estimate for 2002/03 cotton production has been raised to 14.0 million bales (including 1.0 million bales of loose cotton) on improved moisture availability to the standing cotton crop due to rains in September. Drought conditions during July/August affected cotton planting as 2002/03 area is revised lower to 7.5 million hectares (see Table 3).

Planting was largely completed by early September. The provisional estimates from the state agriculture department indicate a larger than anticipated decline in cotton area in Maharashtra and southern states of Andhra Pradesh, Karnataka and Tamil Nadu due to lack of rains at the time of planting (July/August). The late revival of south-west monsoon resulted in good rains from end-August through mid-September in most cotton growing areas (except some pockets in south) providing relief to the drought stressed cotton crop. The crop continues to progress well under generally favorable conditions due to improved soil moisture availability. However, late rains have resulted in a 3-4 weeks delay in crop maturity and expected market arrivals. Production estimates from trade sources range from 14.0 to 16.0 million bales but a clearer picture will emerge only by early December when picking accelerates in most growing areas.

In the northern states (Punjab/Haryana/Rajasthan), below-normal monsoon rains and clear/dry weather during most of September have been generally favorable for crop growth and inimical for development of heliothis and other pests. The crop is currently in flowering, boll formation and early fruiting stage with evidence of increased flowering and healthier pod development and minimal incidences of heliothis and other boll worms. Market sources report increased usage of hybrid seeds (35-40 percent of the total planted area vs. last year's 20-25 percent). Consequently, expected improved cotton yields will more than offset the area decline in the region. Cotton picking has just started and is expected to be in full swing from early November.

Cotton growing areas in the western states have experienced warm clear weather with scattered rains in late September which have been very beneficial for the standing crop, now in vegetative growth and early flowering stages. However, the cotton crop in southern states (at vegetative growth stage) is currently stressed by absence of any rains for last three weeks.

Market Weakens as New Crop Arrivals Begin

Despite a delayed crop, new crop arrivals have begun in north and some parts of Gujarat as daily arrivals reached an estimated 2000-3000 bales per day vs. 3000-4000 bales last year. The harvest in central and south India expected to begin from early November (vs. 2nd week of October last year), with arrivals in full swing by late November/December.

With most of the mills covered till November, off take of the new crop has been very slow as prices declined during September (see Table 4). The dull buying has been aggravated by uncertainty over the size of the domestic crop and delay in the arrival of the new crop as most mills prefer to adopt a wait and watch approach at this point of time. Market sources expect domestic prices to rule low during October/November on slow buying. However, domestic prices may firm up later as the Indian crop size becomes more definitive.

Market sources report a lull in fresh import contracts by Indian mills as the international quotations are currently ruling at par with the domestic prices. Import prospects are expected to remain dull as arrivals gain through December. With domestic prices expected to gain from January 2003 onwards, import prospects will improve during the second half of the MY 2002/03. Although actual imports would depend on the relative prices of international cotton vis-a-vis local cotton during the period, 2002/03 import estimate remains unchanged at 2.8 million bales.

Table 1: Commodity, Cotton (metric tons)

PSD Table							
Country:	India						
Commodity:	Cotton	(HECTARES) (METRIC TONS)					
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		08/2000		08/2001		08/2002	(MONTH/ YEAR)
Area Planted	8576000	8576000	8851000	8851000	7850000	7510000	(HECTARES)
Area Harvested	8576000	8576000	8851000	8851000	7850000	7510000	(HECTARES)
Beginning Stocks	1069691	1069691	821484	821484	977157	977157	METRIC TONS
Production	2379969	2379969	2678037	2678036	2329674	2379892	METRIC TONS
Imports	341178	341178	381020	381021	478998	478998	METRIC TONS
TOTAL SUPPLY	3790838	3790838	3880541	3880541	3785829	3836047	METRIC TONS
Exports	20466	20466	13064	13064	10886	10886	METRIC TONS
USE Dom. Consumption	2734620	2734620	2686320	2686320	2757081	2757080	METRIC TONS
Loss Dom. Consumption	214268	214268	204000	204000	204000	204000	METRIC TONS
TOTAL Dom. Consumption	2948888	2948888	2890320	2890320	2961081	2961080	METRIC TONS
Ending Stocks	821484	821484	977157	977157	813862	864081	METRIC TONS
TOTAL DISTRIBUTION	3790838	3790838	3880541	3880541	3785829	3836047	METRIC TONS

Note: Production figures for MY 2000 include 900,000 bales and for MY 2001 & 2002 include 1.0 million bales of loose cotton (170 kg bales) each.

Table 2: Commodity, Cotton (480 lb bales)

PSD Table							
Country:					Conversion	0.004593	
Commodity:							
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin							(MONTH/YEAR)
Area Planted	8576000	8576000	8851000	8851000	7850000	7510000	(HECTARES)
Area Harvested	8576000	8576000	8851000	8851000	7850000	7510000	(HECTARES)
Beginning Stocks	4913	4913	3773	3773	4488	4488	1,000 480lb bales
Production	10931	10931	12300	12300	10700	10931	1,000 480lb bales
Imports	1567	1567	1750	1750	2200	2200	1,000 480lb bales
TOTAL SUPPLY	17411	17411	17823	17823	17388	17619	1,000 480lb bales
Exports	94	94	60	60	50	50	1,000 480lb bales
USE Dom. Consumption	12560	12560	12338	12338	12663	12663	1,000 480lb bales
Loss Dom. Consumption	984	984	937	937	937	937	1,000 480lb bales
TOTAL Dom. Consumption	13544	13544	13275	13275	13600	13600	1,000 480lb bales
Ending Stocks	3773	3773	4488	4488	3738	3969	1,000 480lb bales
TOTAL DISTRIBUTION	17411	17411	17823	17823	17388	17619	1,000 480lb bales

Note: Production figures for MY 2000 include 900,000 bales and for MY 2001 & 2002 include 1.0 million bales of loose cotton (170 kg bales) each.

Table 3: Area, Production & Yield of Cotton in major States
(Area Tha, Production Thousand bales of 170 kgs, Yield kgs/Ha)

						Final	Revised	Revised
STATE		1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03
Maharashtra	Area	3085	3139	3199	3254	3077	3041	2620
	Production	3300	2150	2650	3650	2050	3350	3000
	Yield	182	116	141	191	113	187	195
Gujarat	Area	1484	1519	1607	1516	1615	1687	1495
	Production	3425	4200	4750	2850	2400	3350	3200
	Yield	392	470	502	320	253	338	364
Madhya Pradesh	Area	527	517	501	525	506	623	540
	Production	1875	2250	1875	1550	1750	1975	1600
	Yield	605	740	636	502	588	539	504
Punjab	Area	742	727	562	475	474	510	458
	Production	1600	725	500	800	900	900	850
	Yield	367	170	151	286	323	300	316
Haryana	Area	649	638	582	546	555	630	550
	Production	1350	900	700	1050	1000	525	950
	Yield	354	240	204	327	306	142	294
Rajasthan	Area	654	645	645	583	510	510	420
	Production	1400	1100	1150	1300	1050	575	500
	Yield	364	290	303	379	350	192	202
Andhra Pradesh	Area	1007	898	1278	1040	1022	1002	700
	Production	2650	2550	2500	2200	2500	2750	1800
	Yield	447	483	333	360	416	467	437
Karnataka	Area	668	518	608	600	560	597	500
	Production	900	750	875	800	800	800	600
	Yield	229	246	245	227	243	228	204
Tamil Nadu	Area	260	247	243	185	193	165	160
	Production	550	500	550	550	550	500	450
	Yield	360	344	385	505	484	515	478
Others	Area	46	56	62	67	64	86	67
	Production	100	100	125	150	100	75	50
	Yield	370	304	343	381	266	148	255
All-India	Area	9122	8904	9287	8791	8576	8851	7510
	Production	17150	15225	15675	14900	13100	14800	13000
	Yield	320	291	287	288	260	284	294

Note:

1: Production figures for 1996/97-1997/98 in the PS&D includes loose cotton estimates.
2: Loose Cotton estimate: 1996/97 (675,000 bales), 1997/98 (575,000 bales; 1998/99 (825,000 bales); 1999/2000 (700,000 bales); 2000/01 (900,000 bales); 2001/02 (1000,000 bales) and 2002/03 (1000,000 bales), respectively.

Table 4: Month End Spot Prices of Popular Varieties (in rs./mt)

Year	Bengal Deshi	S.G.J. F-34	H-4 M.P.	Shankar-6 Gujarat	MCU-5 A.P.	DCH-32 South
2000/01						
Aug	27840	50900	54550	58770	68330	88000
Sept	27560	47240	53990	57650	68330	83520
Oct	32060	46120	54830	58210	67490	82950
Nov	33180	52020	61300	65240	73110	96960
Dec	30090	50620	59050	61860	71710	101160
Jan	29530	50330	56240	61300	72550	99200
Feb	28680	50330	52870	57650	67490	98360
Mar	30370	50330	53430	58210	67490	98360
Apr	32620	50620	54830	57080	67490	98360
May	34590	52870	56240	59050	71710	98360
Jun	35430	52580	56240	57650	70300	98360
Jul	34590	50050	53150	56240	67490	89960
Avg Price	31378	50334	55560	59076	69458	94462
2001/02						
Aug	34590	51460	52580	54830	66080	88000
Sept	36560	46960	52300	54830	64680	87160
Oct	38240	40490	44990	46400	59050	77330
Nov	39650	39370	41340	44710	54830	73110
Dec	35710	37120	41340	44430	53430	71140
Jan	36560	36840	40210	43300	48370	70300
Feb	36560	36270	38810	41620	47800	66080
Mar	37960	36560	39650	44150	50620	70300
Apr	38520	39930	42180	44990	52020	73120
May	39650	39650	42180	44430	50050	71710
Jun	41340	42180	44990	49210	54270	76760
Jul	41340	44150	50050	52580	57370	77330
Avg Price	38057	40915	44218	47123	54881	75195
2002/03						
Aug	39930	41060	49210	51740	61580	81830
Sept	38520	40490	47800	50050	59610	77330

Source: East India Cotton Association, Mumbai